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NEW LIGHT ON THE WEST BOUND GRAIN ROUTE



THE NECESSITY AND MEANS FOR THE
BETTER MARKETING OF ALBERTA
AND SASKATCHEWAN EXPORT
GRAINS BY PACIFIC
PORTS



Issued By
THE EDMONTON BOARD OF TRADE AND
THE EDMONTON CITY COUNCIL

Edmonton, 1923



NEW LIGHT ON THE WEST BOUND GRAIN ROUTE VIA THE PACIFIC

IF the actual farmers of Alberta are to derive any substantial benefit through the increased elevator facilities at Vancouver, designed to promote the Westbound Grain Route, provision must be made for adequate cleaning, hospital and storage facilities at Edmonton. The Federal Parliament has provided, at the present session, for an increase of 2,500,000 bushels in the terminal elevator facilities at Vancouver, also for shipping facilities there. These increases are imperatively necessary, and were requested by Alberta as well as British Columbia. **But the investment thus authorized will fail in its primary purpose of aid to Western farmers unless equally necessary facilities are provided at Edmonton.**

Farmers Themselves Must Get Benefit

Under present conditions the saving in freight via the Westbound Route is going to private elevator companies and speculators rather than to the actual farmers of Alberta. The great bulk of the wheat exported to date via Vancouver was purchased from the farmers on a Fort William price basis. No increase in Pacific elevator facilities can completely change this condition. It will continue until adequate cleaning, hospital and storage elevators are available at interior points, so that Alberta farmers may have their wheat cleaned and graded, and, if below export grade, brought up to that standard before it leaves their own province. They must be in a position to control their wheat after it has been passed for export, and while it is so situated geographically as to be available for shipment via Fort William, via Vancouver, or to domestic mills as competitive bids may determine.

Alberta farmers cannot assume the risk of shipping direct to Pacific Coast ports on consignment. If the wheat so shipped were found on arrival to be below export grade and incapable of being brought up to that grade, the farmer would have levied against his shipment a surcharge of ten cents per bushel, being the difference between the export and domestic freight rate from point of shipment. After paying that surcharge the farmer would find a poor market for his rejected grain because of the relatively small extent of mixed farming at the Pacific Coast. On the other hand, if the wheat were found to be of export grade, or could be brought up to that standard, the farmer would find himself with his wheat at a point where there was extremely limited demand for milling purposes, from which it could be exported only by one route, and where the purchasing of wheat for export was in the hands of three or four firms.

Consignment Point on Westbound Route

It must be remembered that Pacific Coast ports bear the same relation to the Westbound Grain Route that Montreal and Atlantic Coast ports bear to the Eastbound route. Western farmers do not ship wheat on consignment to Montreal or the Atlantic Coast, but only as far east as Fort William. At that point there is active competition for it from the milling interests of Eastern Canada and the Eastern States, and from exporters for shipment via the different ports, both in Canada and United States, through which they respectively operate. Thus, the Western farmer with wheat on consignment at Fort William has the assurance that competition from many sources will give him the top market price of the day. There is no such variety or extent of competition at Vancouver, and there cannot be even when the elevator facilities there have been increased, as provided for at the present session of the Federal Parliament. Hence the necessity of adequate cleaning, hospital and storage elevators at interior points on the line of the Westbound Route at which Alberta farmers may control their wheat as they would at Fort William until they have secured for themselves the full benefit to which their geographical position in relation to the Westbound Route entitles them.

Experts Endorse Edmonton Elevator

The necessity of these interior facilities is recognized by traffic men and others who have investigated the potentialities and probable development of the Westbound Grain Route.

W. B. Lanigan, General Freight Traffic Manager of the Canadian Pacific Railway, who speaks on transportation matters with perhaps greater authority than any other in Canada, has made this statement:

"You can put all the elevators you like at Vancouver, but if you have not sorting elevators in the interior, the Route is going to be a failure."

Even in Vancouver, where there is naturally a popular desire for local centralization of Westbound grain facilities, there is a growing realization of the fact that the Westbound Route cannot be promoted on a permanent basis unless the farmers themselves are to receive its potential benefits, and that this cannot be the case until sorting elevators have been established in Alberta. The Vancouver Province, which is the leading daily newspaper of British Columbia, sums up the situation thus:

"The general commercial and transportation interests of Alberta and British Columbia are the same. Coast and hinterland go together. We are mutually if not equally concerned in the development of the port of Vancouver. We are not equally but similarly interested in the adjustment of freight rates on export grain. Both provinces are, or ought to be, interested in the establishment of interior elevators at Edmonton for treatment as well as storage of grain."

Reservoirs in the Interior

If there is to be a steady and continuous development of the Westbound Grain Route, wheat must flow via that route in an assured and steady volume. There must not be alternating periods of congestion and lack of supply. Otherwise it will be impossible to secure a steady supply of boats from the Pacific Coast to Liverpool. This necessitates adequate reservoirs of wheat in the interior as well as terminal facilities at the Coast. These reservoirs could be drawn upon in such quantities and in such particular grades as the export demand from week to week might require. What remained in these reservoirs over and above that demand would be available for shipment via the Eastbound route without entailing the heavy loss that would be involved in the re-routing of wheat after it had reached the Pacific Coast.

In the development of these interior facilities, consideration should be given to every section of the community where there is a substantial production for export purposes. There are now public terminal elevators in the southern part of Saskatchewan at Moose Jaw, in the northern part of Saskatchewan at Saskatoon, and in the southern part of Alberta at Calgary. Indeed, central and northern Alberta is the only large producing section of the West at present without these facilities.

Quite apart from the foregoing, it is submitted that Edmonton is the logical place for additional interior facilities in connection with the Westbound route. It is at the junction of the two trans-continental railway systems now incorporated in the Canadian National railways. It is fed from all directions by branch railway lines. It is the only entrance to the vast regions of the Peace River district, which is quickly developing into one of the greatest grain exporting districts in Western Canada.

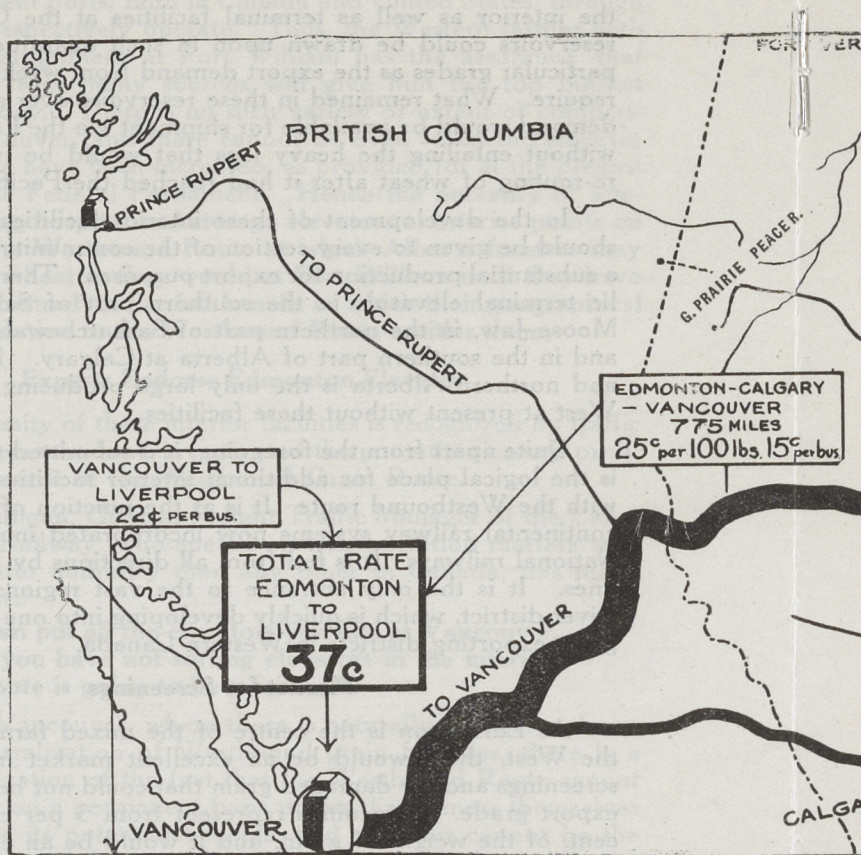
Market for Screenings

As Edmonton is the centre of the mixed farming district of the West, there would be an excellent market in that city for screenings and for damaged grain that could not be brought up to export grade. Screenings represent from 3 per cent. to 10 per cent. of the weight of grain, and it would be an economic waste to carry such weight over the mountains to the Pacific Coast, especially as the demand for screenings in the mixed farming country round about Edmonton is such that in December last over ten million pounds were brought in from Fort William.

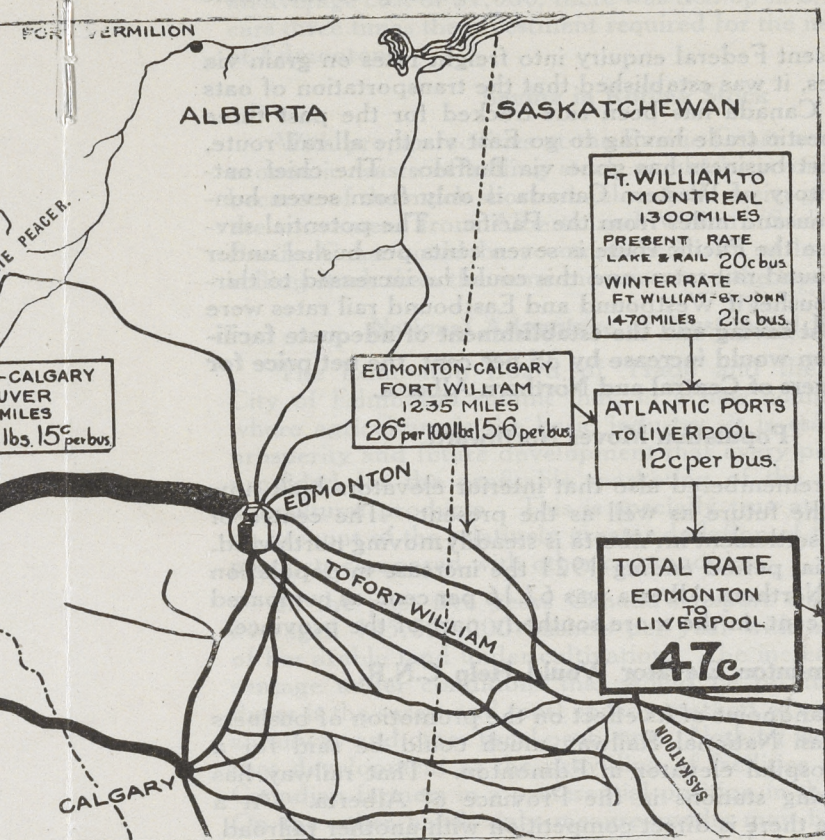
It is an economic waste also that grain grown in Central and Northern Alberta and designed for export via the Pacific should be shipped to Calgary in order to be cleaned and sorted when, if the necessary facilities were at Edmonton, it could be treated there, at which point more efficient use could be made of damaged grain and screenings and from which point it could be shipped to the coast with great saving in distance, energy and rolling stock over the easy grades of the Canadian National railways.

(Continued on page 8)

Continuation Point in Westbound Route



THE WESTBOUND GRAIN ROUTE TO EUROPE



EUROPE VIA EDMONTON AND THE PACIFIC

Export of Oats Via the Pacific Route

Elevator facilities at Edmonton would be a great aid in increasing the export of oats via the Pacific and the net return to the farmer from oat production. The same saving in freight per bushel means even more on a low price grain like oats than on wheat. Already the production of oats in Central and Northern Alberta, averaged over a five year period, is over 40,000,000 bushels per year, or 60 per cent. of the oat crop of the whole Province.

At the present Federal enquiry into freight rates on grain via the Great Lakes, it was established that the transportation of oats from Western Canada has been side-tracked for the past three years, the domestic trade having to go East via the all-rail route, while the export business has gone via Buffalo. The chief oat-producing territory of Western Canada is only from seven hundred to one thousand miles from the Pacific. The potential saving in freight via the Pacific route is seven cents per bushel under existing Westbound rail rates, and this could be increased to thirteen cents per bushel if Westbound and Eastbound rail rates were equalized. **That saving and the establishment of adequate facilities at Edmonton would increase by 35 per cent. the net price for oats to the farmers of Central and Northern Alberta.**

Population Moves Northward

It must be remembered also that interior elevators built now would be for the future as well as the present. The centre of population and settlement in Alberta is steadily moving northward. For the decennial period ending 1921 the increase in population of Central and Northern Alberta was 67.16 per cent. as compared with 46.71 per cent. in the more southerly part of the province.

Edmonton Elevator Would Help C.N.R.

From the standpoint of its effect on the promotion of business for the Canadian National Railway much could be said for a cleaning and hospital elevator in Edmonton. That railway has now 258 shipping stations in the Province of Alberta. At a number of these there is direct competition with another railroad. Much Westbound grain from these competitive points is being shipped via the competitive line so that it may be cleaned at Calgary and shipped from there direct to Vancouver. The lack of these facilities places the Canadian National railways under a further handicap in respect of rolling stock, necessitating the long haul to the Pacific Coast during the fall season, whereas, with an interior elevator at Edmonton, it would be possible to spread the movement over a longer period.

Illustration of Pressing Need

In concluding this point it is pertinent to cite an illustration of the pressing need for the facilities suggested both at the Pacific Coast and at Edmonton. In the 1921 crop season between 2500

and 3000 westbound cars of grain were tied up at one time between Edmonton and Vancouver owing to lack of storage elevator facilities. Every siding between Edmonton and Jasper had its quota of cars, some of which were sidetracked for six months only to be eventually hauled back to the head of the lakes. In the early part of the present season also there were blockades and embargoes and these are now being avoided only through the permit system under which cars are accepted for Vancouver only in the same ratio as clearances from that point. If these cars represent an average cost of \$1,000, there was tied up in 2,500 side-tracked cars three-times the investment required for the necessary facilities at Edmonton.

Saving in Rolling Stock

With proper facilities at the Pacific Coast and Edmonton this economic waste of rolling stock would be avoided. Moreover, because of the much shorter haul and the easier grades westbound, the movement from Alberta and Western Saskatchewan to the Pacific Coast could be accomplished with at least one-third less rolling stock than the same movement to the head of the lakes.

National Advantage of Westbound Route

The Edmonton Board of Trade and the Council of the City of Edmonton submit that, in a new country like Canada, where agriculture is the basic industry, it is essential to general prosperity and future development that every possible facility be provided for the profitable marketing of the country's surplus agricultural products. This is specially true at the present time on account of the relatively greater deflation of the prices of farm products compared with other commodities.

In the past five years Canada's export trade in wheat has averaged 135,000,000 bushels per year with only 15 per cent. of her arable land under cultivation. The increasing of that percentage under conditions that would be profitable to the producer is the surest and most speedy method of solving our national railway and other fiscal problems. Nothing would so accelerate that development as the providing of facilities that would place Canadian farmers in a preferential position in the world markets. On the other hand, only meagre results may be expected from immigration efforts until conditions are such as to attract potential producers.

Prairie Production of Wheat

Between 80 per cent. and 90 per cent. of Canada's wheat crop is produced in the three prairie provinces. When that production was commenced only one route to the Liverpool market was possible. That was via Winnipeg and the East. The Panama Canal had not been built; indeed the first of our transcontinental lines had not reached the Pacific Coast. In later years settlement spread westward and became more intensive. Grain production increased tremendously. Additional elevator and other freight

services were provided, but only as part of the original eastbound route. Finally the Peace River Country was opened up, but its farmers also were obliged to ship their export grain to an ocean 3,000 miles away, although another ocean, affording direct access to Liverpool through the Panama Canal, was almost at their doors.

This forcing of the ever-increasing volume of the West's export grain through one route has had the inevitable result. It has necessitated the maintenance of rolling stock sufficient to haul the bulk of the grain to the head of the lakes before the close of navigation. It has involved disorganization of other movements while the grain movement was in progress. Even then, in almost every year, there have been temporary embargoes on further shipments of grain and, in some years, the demand for lake bottoms has been such as to create substantial temporary increases in tolls.

Proceeds Lost to Canada

What is of still greater importance, there has been lost to Canadian transportation companies the business of carrying from the head of the lakes to Liverpool almost one-half of the Canadian grain reaching the former point. Of the total Western Canadian grain that reached the head of the lakes during the past thirteen years 42 per cent. was carried from that point in United States elevators at United States lake ports, thence by United States railways to United States ocean ports and thence to Liverpool. In the last crop year alone 114,000,000 bushels went that way and American transportation interest received approximately \$28,000,000 for the service rendered.

In the opinion of the Edmonton Board of Trade and the City Council of the City of Edmonton the time has come to divert that 114,000,000 bushels, or the major portion of it, from American to Canadian ports, to use that traffic in building up Canadian transportation companies, Canadian elevators, Canadian seaports and Canadian prosperity. That diversion, it is submitted, should be brought about through **the development of an export grain route to Liverpool via the Pacific ocean and the Panama Canal.** That would necessitate the construction of elevator and shipping facilities of ample dimensions at one or more Pacific Coast points and the building of storage, cleaning and hospital elevators at Edmonton. These facilities would mean immense savings to the farmers of Alberta and the Western half of Saskatchewan, and give a new impetus to land settlement there. Both directly and indirectly they would result in greatly increased traffic for our Canadian National Railways.

Movement to the West

Even now there is a substantial movement of grain by the Westbound route. About 7,000,000 bushels of the 1921 crop moved that way and the movement is being trebled during the present crop season. But, for reasons already explained, little of

the benefit of that route is accruing to the actual producers of the grain. Nor will it until elevator facilities are provided at Edmonton.

Under present tariffs export grain moves from Edmonton to Vancouver, a distance of 770 miles, at 15 cents per bushel as compared with an export rate of 15½ cents to Fort William, a distance of 1225 miles. Even under these freight rates there is a saving of from 4 to 10 cents per bushel on shipments from Alberta points via the Pacific Coast. Those figures represent the range of difference between Fort William and Vancouver spot quotations during the present crop season. They are further evidenced by comparisons of detailed transportation costs by both routes through to Liverpool. The saving is in part due to lower freight charges via the Pacific route and, in part, to there being only two handlings and elevations via that route as compared with four via the eastbound lake and rail route.

Saving of Seven Cents Per Bushel

Taking Alberta as a whole, it is safe to estimate an average potential saving of 7 cents per bushel even under existing freight rates. That would have added 10 per cent. to the average net price received by Alberta farmers for their 1921 wheat. On the exportable surplus of that crop it represents a potential saving to Alberta farmers alone of \$3,000,000, which could be at least doubled with reasonable encouragement of the Westbound route.

But much more than Alberta would be tributary to a developed Pacific route. Under existing rail rates and allowing for the lower rate from the Pacific Coast to Liverpool, the breaking point of the two routes is now about the centre of Saskatchewan. If one half of Saskatchewan's exportable wheat crop, say 50,000,000 bushels, be added to Alberta's figure of 45,000,000, a total of 95,000,000 bushels could be moved to Liverpool more economically via the Pacific than via the Atlantic. That is just 19,000,000 bushels less than the quantity that was diverted to American transportation companies in 1921.

Greatest Benefit Where Encouragement Most Needed

It is in the Province of Alberta and in the western half of Saskatchewan that agriculture is in greatest need of assistance and encouragement. This territory is at the apex of the present freight rate structure fashioned on the old one-route basis. The farmers in this territory have a higher transportation bill and a lower net price per bushel than those of any other part of Canada. Yet it is in this territory that there is the largest proportion of virgin arable land. It is largely to settlement in this territory that any immigration propaganda must be directed. It is, therefore, of national importance that this territory be given first consideration in measures calculated to improve the position of the farmer with respect to the marketing of grain.

New Era For Western Agriculture

Shortly before the war, when the new transcontinentals and the Panama Canal were approaching completion, strong hopes for a new era for agriculture and settlement in the western half of the prairies were founded on the development of the west-bound route. The advantage that would accrue to western producers was one of the strong arguments used to justify the expenditure required to construct mountain roads with such easy grades. But, before through service was commenced, the war had begun, shipping conditions had become chaotic, ocean freight rates had soared and, in any case, public attention had been diverted to the more pressing problems of the war. The first public elevator on the Pacific Coast, already provided for, was completed but nothing further was done. Now, with the war over, shipping conditions more normal and the experience of two seasons as evidence that the high hopes of pre-war years were well-founded, there is every reason why we should proceed at once to provide those facilities that will enable the Canadian National Railways to receive the advantages to which its grades entitle it and which were so strong an argument in justifying its construction. That means the erection of clearing, hospital and storage facilities at Edmonton as well as the increased terminal facilities at the Pacific Coast which have been already authorized by the Federal Parliament.

Edmonton Board of Trade, McLeod Building.

Edmonton, February 1st, 1923.

